

1 DANIEL J. BERGESON, State Bar No. 105439
 2 dbergeson@be-law.com
 3 DONALD P. GAGLIARDI, State Bar No. 138979
 4 dgagliardi@be-law.com
 5 BERGESON, LLP
 6 303 Almaden Boulevard, Suite 500
 7 San Jose, CA 95110-2712
 8 Telephone: (408) 291-6200
 9 Facsimile: (408) 297-6000

10 MARK C. HANSEN, *pro hac vice*
 11 mhansen@khhte.com
 12 J.C. ROZENDAAL, *pro hac vice*
 13 jrozendaal@khhte.com
 14 RICHARD H. STERN, *pro hac vice*
 15 rstern@khhte.com
 16 KELLOGG, HUBER, HANSEN, TODD,
 17 EVANS & FIGEL, PLLC
 18 Sumner Square
 19 1615 M Street, NW, Suite 400
 20 Washington, DC 20036
 21 Telephone: (202) 326-7900
 22 Facsimile: (202) 326-7999

23 *Counsel for Defendant Ricoh Co., Ltd.*

24
 15 UNITED STATES DISTRICT COURT
 16 NORTHERN DISTRICT OF CALIFORNIA
 17 SAN FRANCISCO DIVISION

28
 18 ASUSTEK COMPUTER INC. and
 19 ASUS COMPUTER INTERNATIONAL,
 20 Plaintiffs,
 21 vs.
 22

23 RICOH COMPANY, LTD.,
 24 Defendant.

25 Case No. C 07-01942-MHP

26 **RICOH'S OPPOSITION TO PLAINTIFF'S
 27 MOTION TO DISMISS DEFENDANT'S
 28 THIRD COUNTERCLAIM**

Hearing: October 29, 2007
 Time: 2:00 p.m.
 Dept: Courtroom 15
 Judge: Honorable Marilyn Hall Patel

29 AND RELATED COUNTERCLAIMS.

1 Defendant and Counterclaim Plaintiff Ricoh Company, Ltd. (“Ricoh”) respectfully
 2 opposes the so-called motion to dismiss of Plaintiffs ASUSTek Computer Inc. and ASUS
 3 Computer International (collectively, “ASUS”), which actually seeks premature adjudication of
 4 ASUS’s affirmative defenses of collateral estoppel against Ricoh’s U.S. Patent No. 6,531,109
 5 (“the ’109 patent”). ASUS’s motion simply gets the law wrong.

6 **BACKGROUND**

7 Ricoh previously sued ASUS for patent infringement in the Western District of
 8 Wisconsin: *Ricoh Company, Ltd. v. Asustek Computer Inc. et al.*, No. 06-C-0462 (the
 9 “Wisconsin suit”). That suit included the claim that ASUS and other defendants infringed the
 10 ’109 patent. After ASUS was dismissed from the Wisconsin suit for lack of personal
 11 jurisdiction, Ricoh pressed its claims against the remaining defendants, including Quanta Storage
 12 Inc. and others (collectively, “the Quanta defendants”). Ricoh asserted that the Quanta
 13 defendants infringed specific claims of the ’109 patent; namely, claims 1 and 4. The Quanta
 14 defendants moved for summary judgment that those two claims were invalid as obvious in light
 15 of the prior art. The district court agreed that these two claims were obvious. Judgment
 16 therefore was entered against Ricoh, and Ricoh’s appeal of that judgment is currently pending
 17 before the Federal Circuit.

18 In this case, ASUS sought a declaratory judgment that it did not infringe the ’109 patent.
 19 *See* Docket No. 1 (filed Apr. 5, 2007). Ricoh therefore included a counterclaim that ASUS
 20 infringed the ’109 patent not only because ASUS’s optical disk drives infringe numerous claims
 21 of the ’109 patent but also because Ricoh’s counterclaim is a compulsory counterclaim under
 22 Rule 13(a) of the Federal Rules of Civil Procedure. If Ricoh did not bring this counterclaim of
 23 infringement now, Ricoh would lose it. *See Capo, Inc. v. Dioptics Med. Prods., Inc.*, 387 F.3d
 24 1352, 1356 (Fed. Cir. 2004) (“In an action for declaration of non-infringement, a counterclaim
 25 for patent infringement is compulsory and if not made is deemed waived.”). On September 20,
 26 2007, ASUS sent an e-mail to Ricoh arguing that Ricoh was estopped from asserting the ’109
 27 patent and demanding that Ricoh drop the counterclaim on the ’109 patent that ASUS’s own
 28 declaratory judgment action had obliged Ricoh to bring. *See* Edelman Decl., Exh. A.

1 Ricoh agreed with ASUS that it would be preferable to avoid burdening this Court with
 2 having to address any part of '109 patent before the Federal Circuit rules on Ricoh's appeal of
 3 the Wisconsin suit because, in the course of deciding that appeal, the Federal Circuit will have to
 4 decide whether claims 1 and 4 of the '109 patent are obvious. Therefore, Ricoh offered not to
 5 assert *any* claims from the '109 patent against ASUS until the Federal Circuit ruled on the
 6 validity of claims 1 and 4 of that patent. *See* Edelman Decl., Exh. B. In order to protect its
 7 rights, Ricoh asked in return that ASUS agree to toll the damages period on Ricoh's claims on
 8 the '109 patent. The reason for this request was that the damages period in patent infringement
 9 actions reaches back only six years before the date the infringement claim is brought. *See* 35
 10 U.S.C. § 286. Thus, if Ricoh voluntarily agreed to withdraw its claim of infringement on the
 11 '109 patent until the Federal Circuit ruled, Ricoh would lose the right to claim damages from
 12 ASUS for the period from six years before the date the claim was initially asserted to six years
 13 before the time the claim was reinstated. *See id.*

14 ASUS flatly refused any tolling of the damages period. *See* Edelman Decl., Exh. C.
 15 ASUS conceded, however, that because only claims 1 and 4 had been asserted in the Wisconsin
 16 action, "the application of the doctrine [of collateral estoppel] to the other claims at the pleading
 17 stage is potentially debatable." *Id.* Therefore, ASUS proposed that Ricoh could simply
 18 "dismiss" infringement claims 1 and 4 against ASUS. *See id.* Ricoh responded that because
 19 there was never any mention in Ricoh's counterclaims of patent claims 1 and 4, there was at
 20 present nothing to modify in the pleading and nothing to "dismiss." Ricoh proposed to enter into
 21 a stipulation with ASUS in which Ricoh would not assert and ASUS would not seek declaratory
 22 relief from claims 1 and 4 of the '109 patent, until the validity of those claims was resolved by
 23 the Federal Circuit. *See* Rozendaal Decl., Exh. A. Instead of entering into such a stipulation and
 24 resolving the dispute privately among the parties, ASUS filed the present motion.

25 **ARGUMENT**

26 ASUS's motion appears to be motivated by an effort to gain some perceived advantage in
 27 the upcoming mediation with Ricoh. But the motion seeks relief to which ASUS is not entitled
 28 (because there is no legal basis for "dismissing" individual patent claims before they have even

been asserted) and that ASUS does not need anyway (because Ricoh has offered not to assert claims 1 and 4 if ASUS will likewise agree not to seek declaratory judgment with respect to those claims, until their validity has been addressed on appeal). In order to conserve the resources of the Court and the parties, the Court should stay all proceedings on the '109 patent until the Federal Circuit has ruled on the validity of claims 1 and 4.

I. **ASUS Is Not Entitled To “Dismissal” Of The ’109 Patent From The Case**

ASUS's motion rests on three flawed premises: (1) Ricoh's '109 patent may not be asserted because two of the patent claims are invalid; (2) Ricoh has no basis to assert that ASUS infringes claims other than the ones found to be invalid; and (3) this Court must take some action to "dismiss" Ricoh's cause of action. As discussed below, none of these premises is valid.

A. Each Claim of the '109 Patent Is Presumed Valid

“Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims.” 35 U.S.C. § 282. Moreover, “[w]henever … a claim of a patent is invalid, an action may be maintained for the infringement of a claim of the patent which may be valid.” *Id.* § 288. Thus, courts have long held that a prior finding of invalidity of some claims in a patent does not collaterally estop the assertion of infringement of other claims. *See Russell v. Place*, 94 U.S. 606, 609 (1877) (refusing to apply collateral estoppel to issue of invalidity to patent with two claims because it was unclear which claim had earlier been found invalid); *Interconnect Planning Corp. v. Feil*, 774 F.2d 1132, 1135 (Fed. Cir. 1985) (refusing to apply collateral estoppel that claims were invalid, where different claims were at issue). Therefore, at the pleading stage, ASUS may not have the entire ’109 patent “dismissed” as invalid because claims 1 and 4 of the patent were previously found to be invalid. Ricoh is entitled to assert other claims from the ’109 patent against ASUS.

B. Ricoh Has Grounds To Assert Infringement by ASUS of Valid Claims of the '109 Patent

ASUS asserts (at 2-3), without any explanation, that it is “unaware of any good faith basis for Ricoh to assert [claims, other than 1 and 4,] in this action” and even goes so far as to

1 state (at 6) that “[c]laims 1 and 4 are the only claims Ricoh could possibly assert in this case.”
 2 For its part, Ricoh is unaware of any basis for ASUS’s assertions. Ricoh can and will assert that
 3 ASUS infringes other claims of the ’109 patent. Ricoh is prepared to disclose these infringement
 4 contentions at the time and in the manner provided for in the Patent Local Rules of this Court.

5 **C. Because No Claims Have Yet Been Asserted, There Is Nothing To “Dismiss”**

6 Finally, ASUS asks (at 6) to have “Ricoh’s third counterclaim for infringement of the
 7 ’109 Patent … dismissed with prejudice.” But there is nothing to dismiss. The law is clear that
 8 all the claims of the ’109 patent, except for claims 1 and 4, are presumed valid, and ASUS must
 9 present clear and convincing evidence of obviousness if it is to invalidate those other claims. *See*
 10 *Knoll Pharm. Co. v. Teva Pharms. USA, Inc.*, 367 F.3d 1381, 1384 (Fed. Cir. 2004) (per curiam).
 11 Therefore, there are no grounds to dismiss Ricoh’s *entire* infringement counterclaim on the ’109
 12 patent. In line with the notice pleading requirement of Federal Rule of Civil Procedure 8, and in
 13 accordance with Civil Form 16, Ricoh’s counterclaim did *not* list specific patent claims that it
 14 alleged were infringed by ASUS. Indeed, ASUS has no way to know which claims it is accused
 15 of infringing in this suit until the Initial Infringement Contentions are produced under this
 16 Court’s Local Patent Rules. Thus, there is no need to “dismiss” anything at this time. ASUS’s
 17 motion is, at best, premature.

18 Beyond the fact that asserted claims have not yet been identified, there is an additional
 19 reason why ASUS’s motion is premature. When this Court rules upon the scope and meaning of
 20 claims *other* than claims 1 and 4, it may ultimately consider what other courts have said about
 21 claims 1 and 4. *See, e.g., Phillips v. AWH Corp.*, 415 F.3d 1303, 1314 (Fed. Cir. 2005) (en banc)
 22 (“Because claim terms are normally used consistently throughout the patent, the usage of a term
 23 in one claim can often illuminate the meaning of the same term in other claims.”). But the nature
 24 and extent of the impact of the prior Wisconsin and anticipated Federal Circuit decisions on
 25 claims other than claims 1 and 4 cannot be resolved at this early stage of the case. “Where
 26 obviousness is the basis for the prior invalidity holding, an inquiry into the identity of the
 27 validity issue [in the present case] is more properly phrased in terms of the *factual inquiries*
 28 mandated” in the standard obviousness analysis of 35 U.S.C. § 103. *Interconnect Planning*

1 *Corp.*, 774 F.2d at 1136 (emphasis added) (internal quotation marks omitted). Thus, the
2 invalidity of the other claims is an issue of fact that may involve discovery and expert opinion.
3 Now, at the pleading stage, the invalidity of those other claims simply is not ripe for decision.

4 **II. The Court Should Stay Proceedings On The '109 Patent Until The Federal Circuit**
5 **Rules On The Validity Of Claims 1 and 4**

6

7 Precisely because, as just discussed, the Federal Circuit's decision on the validity of
8 claims 1 and 4 may be relevant to the infringement and validity of the other claims, this Court
9 should stay proceedings with respect to the '109 patent until the Federal Circuit rules on the
10 validity of those two claims. By staying the case with respect to that patent, the Court preserves
11 the *status quo*, protecting both ASUS's and Ricoh's rights. In order to avoid duplication of effort
12 and the need to revisit decisions after the Federal Circuit rules, it is in the interest of all
13 concerned to stay litigation of the '109 patent until that point. As Wright & Miller warn,
14 “[s]ubstantial difficulties result from the rule that a final trial-court judgment operates as res
15 judicata while an appeal is pending [which may be avoided] by delaying further proceedings in
16 the second action pending conclusion of the appeal in the first action.” *See* 18A Charles Alan
17 Wright et al., *Federal Practice and Procedure* § 4433 (2d ed. 2002). If ASUS had accepted
18 Ricoh's prior proposal to do just that, then there would have been no need to burden the Court
19 with ASUS's premature and ill-reasoned motion to dismiss.

20 The only plausible reason for this motion practice now – rather than working out the
21 dispute among the parties – is so that ASUS can gain some perceived tactical advantage during
22 the mediation between the parties before Judge Infante in November. In other words, ASUS
23 appears to be hoping that this Court will mistakenly dismiss the '109 patent, so that ASUS only
24 has to worry about its infringement of three of Ricoh's patents, rather than four, during
25 negotiations. The Court should not countenance this game-playing.

CONCLUSION

For the foregoing reasons, ASUS’s motion to dismiss Ricoh’s Third Counterclaim should be denied, and the Court should grant a stay of all issues concerning the ’109 patent until the Federal Circuit rules on the validity of claims 1 and 4.

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Respectfully submitted,

/s/ Donald P. Gagliardi

DANIEL J. BERGESON, State Bar No. 105439
dbergeson@be-law.com
DONALD P. GAGLIARDI, State Bar No. 138979
dgagliardi@be-law.com
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Facsimile: (408) 297-6000

MARK C. HANSEN, *pro hac vice*
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EVANS & FIGEL, PLLC
Sumner Square
1615 M Street, NW, Suite 400
Washington, DC 20036
Telephone: (202) 326-7900
Facsimile: (202) 326-7999

Counsel for Defendant Ricoh Co., Ltd.